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SUBJECT: MEXICO: PRESIDENT CALDERONQS BOLD  
POLITICAL INITIATIVE

¶1. (SBU) Summary: President Calderon's proposal for amending the Mexican Constitution with a far-reaching political initiative would have far reaching consequences for implementing badly needed reform. In addition to allowing for direct reelection of Senators, Deputies and local officials, the proposal would significantly reduce the size of the Mexican legislature and give unforeseen new opportunities for the Supreme Court and for independent candidates in a political system hobbled by the grip of its three major political parties. The initiative, prefaced in the President's November 22 administration mid-term speech and launched on the last day before the Congress begins its long holiday break, will only prosper if Calderon can convince an electorate preoccupied with economic worries that this is not just another scrum between political insiders. The fight over passage will be a tough one and the maneuvering could complicate matters for the ascendant Institutional Revolutionary Party's (PRI) front-runner for 2012 by stimulating a call for badly needed political change in Mexico. End Summary

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The Devil is in the Details  
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¶2. (SBU) Calderon put forth his political initiative in an early morning address from the Presidential palace on December 15. The proposal includes the following elements:

- Empowering local legislatures and the Mexico City Assembly to allow direct election of Mayors, local legislators and Municipal officials and their reelection for up to 12 years;
- Providing for the reelection of federal and local legislators for up to 12 years;
- Reducing the 128 seat senate by the 32 seats that are elected via the proportional system; and the 500 seat Congress by 100 seats to 400, with 160 voted via the proportional system;
- Increasing the minimum vote requirement for the registration of parties from two to four percent;
- Providing for a citizen initiative representative that would have the power to propose initiatives of law before Congress;
- Allowing independent candidacies for all elected positions;
- Instituting a majority wins, two round electoral process for Presidential elections;

--Allowing the Supreme Court to initiate projects of law that could influence debate on legal issues related to its function such as judicial reform (e.g., amparo system), and unconstitutional actions;

--Allowing the executive branch to present two priority initiatives at the start of a new Congressional session that would require debate and action before the end of the session: if the legislature fails to act the bill would automatically become law (in the case of a constitutional issue it would be submitted to the people in a popular referendum);

--Allowing the executive branch to present comments related to laws and the budget as approved by the congress;

13. (SBU) Calderon had picked up the perennial theme of his National Action Party (PAN) on the need for political reform in his speech on the third anniversary of his election (November 22) with general references that failed to excite much enthusiasm either among the electorate or among the chattering class. The new details in the final proposal, however, will likely attract significant attention from both pundits and the people, though the government will be hard-pressed to overcome the perception that while Mexican voters are focused on bread and butter issues such as economic recession, the discredited political class engages in an inside debate on the rules of its game.

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Political Tack  
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14. (SBU) The initiative could help Calderon take back some of the initiative after an ineffective series of political actions over the last several months. By including some important new elements and proposing it on the eve of Congress' long holiday break, he prompts a debate among the intellectual elite on the need for change in Mexico, and provides his administration considerable latitude in establishing the parameters of the discussion. Well known center-left political analyst Carlos Heredia, agreed that the proposal went farther than expected and did not discount the possibility that it could garner enough political support for eventual passage if the government is able to make the initiative real to normal people. He predicted it would resonate and likely take up considerable amount of political space in the coming months. Heredia credited Calderon with an astute political move, which could attract support from political commentators and think tanks and likely put the opposition PRI in a difficult position of having to defend the extent of its internal reform.

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Lukewarm Reaction from Opposition  
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15. (SBU) In fact, initial public commentary has been lukewarm from the PRI, and downright critical from some quarters of the Democratic Revolutionary Party (PRD). PRD President Jesus Ortega has termed the initiative incomplete and warned about narco- criminals taking over local government absent better control of electoral financing and reform of television monopolies. Ortega and other PRD leaders have, however, recognized the need for political reform and left themselves an opening to tack towards support if the initiative gets legs. While the PRI's coordinator in the lower house, Francisco Rojas, was initially unenthusiastic, characterizing the initiative as, clearly not the most important priority facing the government, heavyweight Senate leader Manlio Fabio Beltrones was more positive in comments to the Ambassador, noting his support for reform that would increase accountability and predictability in Mexico's political process. Beltrones supports the provisions on reelection and decreasing the size of Congress, but only if combined with other elements -- such as a new requirement for Congressional confirmation of the President's cabinet -- that would make the proposal more balanced.

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Hurdles to Passage  
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¶6. (SBU) Calderon has sent the proposal for initial consideration to the Senate, where the PAN remains, at least technically, in control.

Action has been referred to three separate Committees for action: Constitutional Issues, State Reform, and Legislative Studies. The committees will debate the proposal and then vote on it before referring it to the Chamber of the Deputies. Given the need to amend the Constitution, the proposal must receive two-thirds of those present in both Chambers, with a quorum requirement of fifty percent plus one. Once approved in the legislature, the proposal must be ratified by at least 17 of the 32 State legislatures (including the Federal District of Mexico City).

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Comment  
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¶7. (SBU) Calderon is clearly aiming to take back the political initiative, divert focus from early 2010 tax increases and the state of the economy, and improve the party's chances in next year's ten gubernatorial races. While his proposal did not receive major attention from the press after his mid-term speech, Secretary of Governance Gomez Mont focused much of his attention during his recent lunch with Assistant Secretary Valenzuela on the political reform initiative. A reform of this nature would be game-changing as it would open up debate on a whole host of other reforms energy, anti-trust, legal and judicial Q that are badly needed if Mexico is to strengthen its economy, become a more strategic partner of the U.S. and retain its leadership in the region. End Comment

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